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August 14, 2008

**BY FEDERAL EXPRESS and ECF**

Honorable Richard M. Berman  
United States District Judge  
Daniel Patrick Moynihan  
United States Courthouse  
500 Pearl Street  
New York, NY 10007

Re: *Gelmis v. Earl W. Cole, III, et al.*, No. 1:08-cv-00980-RMB  
*Rothas v. Municipal Mortgage & Equity, LLC, et al.*, No. 1:08-cv-01120-RMB  
*Ross v. Earl W. Cole, III, et al.*, No. 1:08-cv-01299-RMB  
*Raphael v. Municipal Mortgage & Equity, LLC, et al.*, No. 1:08-cv-02190-RMB  
*Greenberg v. Michael L. Falcone, et al.*, No. 1:08-cv-02005-RMB

Dear Judge Berman:

We are counsel for lead plaintiff movant, the Kremser Group. We write on behalf of all parties, as Ordered by the Court. This letter is to notify Your Honor that by Order dated August 13, 2008, the Judicial Panel on Multidistrict Litigation (“JPML”) transferred for consolidated and coordinated pretrial proceedings all of the securities class action and shareholder derivative actions currently pending in the United States District Court for the Southern District of New York and the United States District Court for the District of Maryland to the United States District Court for the District of Maryland, with a recommended assignment to the Honorable United States District Judge Marvin J. Garbis of that District.

A copy of the JPML Order is annexed hereto as Exhibit A.

Should the Court have any questions, the parties stand ready to respond.

Respectfully yours,



The image shows a handwritten signature in black ink, appearing to read "DAB". Below the signature, the name "David A.P. Brower" is printed in a smaller, standard font.

cc: Hon. Marvin J. Garbis  
All Counsel of Record via ECF

UNITED STATES  
JUDICIAL PANEL ON  
MULTIDISTRICT LITIGATION

UNITED STATES JUDICIAL PANEL  
on  
MULTIDISTRICT LITIGATION

Aug 13, 2008

FILED  
CLERK'S OFFICE

IN RE: MUNICIPAL MORTGAGE & EQUITY, LLC,  
SECURITIES AND DERIVATIVE LITIGATION

MDL No. 1961

**TRANSFER ORDER**

**Before the entire Panel:** Defendant Municipal Mortgage & Equity, LLC (MuniMae) has moved, pursuant to 28 U.S.C. § 1407, for coordinated or consolidated pretrial proceedings of this litigation in the Southern District of New York. At oral argument, MuniMae stated that the District of Maryland was also an appropriate transferee district. All responding plaintiffs and putative lead plaintiffs now support centralization in the District of Maryland. If the Panel decides to centralize the MDL No. 1961 securities actions in the Southern District of New York, the District of Maryland derivative plaintiffs alternatively suggest centralization in the District of Maryland of the four actions raising derivative claims.

This litigation presently consists of thirteen actions listed on Schedule A and pending in two districts as follows: eight actions in the District of Maryland and five actions in the Southern District of New York.<sup>1</sup>

On the basis of the papers filed and hearing session held, we find that the actions in this litigation involve common questions of fact, and that centralization under Section 1407 in the District of Maryland will serve the convenience of the parties and witnesses and promote the just and efficient conduct of the litigation. All actions share factual questions relating to whether defendants allegedly made materially false and misleading statements in press releases, investor conference calls and regulatory filings which ultimately had a negative impact in 2008 on MuniMae's common stock. Centralization under Section 1407 will eliminate duplicative discovery; avoid inconsistent pretrial rulings, including on the issue of class certification; and conserve the resources of the parties, their counsel and the judiciary. The Panel leaves the extent of coordination or consolidation of the securities and derivative actions to the discretion of the transferee judge. *See In re Mutual Funds Litigation*, 310 F.Supp.2d 1359 (J.P.M.L. 2004); *In re Equity*

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<sup>1</sup> An additional action which was originally on the Section 1407 motion – *Alex D'Angelo, et al. v. Municipal Mortgage & Equity, LLC, et al.*, S.D. New York, C.A. No. 1:08-1331 – has been dismissed. Accordingly, the Section 1407 motion is moot as it relates to this action.

The Panel has been notified that one related action is pending in the District of Maryland. This action will be treated as a potential tag-along action. *See Rules 7.4 and 7.5, R.P.J.P.M.L., 199 F.R.D. 425, 435-36 (2001).*

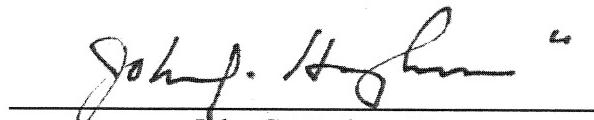
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*Funding Corp. of America Securities Litigation*, 375 F.Supp. 1378 (J.P.M.L. 1974).

We are persuaded that the District of Maryland is an appropriate transferee district for this litigation, because (1) eight of the thirteen actions now before the Panel are pending there, and (2) MuniMae is headquartered in Baltimore, Maryland, and parties, witnesses and documents may be found there.

IT IS THEREFORE ORDERED that, pursuant to 28 U.S.C. § 1407, the actions listed on Schedule A and pending outside the District of Maryland are transferred to the District of Maryland and, with the consent of that court, assigned to the Honorable Marvin J. Garbis for coordinated or consolidated pretrial proceedings with the actions pending there and listed on Schedule A.

PANEL ON MULTIDISTRICT LITIGATION



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John G. Heyburn II  
Chairman

J. Frederick Motz  
Kathryn H. Vratil

Robert L. Miller, Jr.  
David R. Hansen

**IN RE: MUNICIPAL MORTGAGE & EQUITY, LLC,  
SECURITIES AND DERIVATIVE LITIGATION**

MDL No. 1961

**SCHEDULE A**

District of Maryland

F. Richard Manson, et al. v. Municipal Mortgage & Equity, LLC, et al.,  
C.A. No. 1:08-269  
Paul Engel, et al. v. Municipal Mortgage & Equity, LLC, et al., C.A. No. 1:08-292  
Geeta Shailam, et al. v. Municipal Mortgage & Equity, LLC, et al.,  
C.A. No. 1:08-386  
Michael J. Cirrito, et al. v. Municipal Mortgage & Equity, LLC, et al.,  
C.A. No. 1:08-476  
John J. Hufnagle, et al. v. Municipal Mortgage & Equity, LLC, et al.,  
C.A. No. 1:08-579  
William Johnston, etc. v. Mark K. Joseph, et al., C.A. No. 1:08-670  
Robert Staub, etc. v. Mark K. Joseph, et al., C.A. No. 1:08-802  
The Mary L. Kieser Trust, etc. v. Richard O. Berndt, et al., C.A. No. 1:08-805

Southern District of New York

Joseph S. Gelmis, et al. v. Earl W. Cole, III, et al., C.A. No. 1:08-980  
Jules Rothas, et al. v. Municipal Mortgage & Equity, LLC, et al.,  
C.A. No. 1:08-1120  
Arnold J. Ross, et al. v. Earl W. Cole, III, et al., C.A. No. 1:08-1299  
Judith Greenberg, et al. v. Michael L. Falcone, et al., C.A. No. 1:08-2005  
Naomi Rapahel, et al. v. Municipal Mortgage & Equity, LLC, et al.,  
C.A. No. 1:08-2190